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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

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October 22, 2004

Ms. Kimberly Camp, Executive Director
United Methodist Metro Ministry
1040 S. Taylor Ave.
St. Louis, MO 63110

RE: Fiscal Monitoring Report of United Methodist Metro Ministry, Federal
Emergency Shelter and Supportive Housing Program Grants (FESG & SHP)
(#2005-HOM3)

Dear Ms. Camp:

Enclosed is a report of our fiscal monitoring review of the United Methodist Metro Ministry (Documents #48255 and #47040) for the period January 1, 2004 through May 31, 2004 and October 1, 2003 through June 30, 2004 respectively. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of United Methodist Metro Ministry. Our fieldwork was substantially completed on August 18, 2004.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and through an agreement with the Department of Human Services (DHS) to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact me at 613-7257.

Sincerely,

Dwayne Crandall, MHA, CIA, CPA
Internal Audit Supervisor

cc: Honorable Darlene Green, Comptroller
Patrick Brennan, Fiscal Manager, Department of Human Services

Enclosure



CITY OF ST. LOUIS

*DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES PROGRAM*

*UNITED METHODIST METRO MINISTRY
FEDERAL EMERGENCY SHELTER GRANT (FESG) AND
SUPPORTIVE HOUSING PROGRAMS (SHP)
DOCUMENTS #48255 AND #47040*

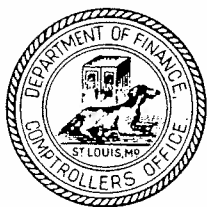
FISCAL MONITORING REVIEW

*JANUARY 1, 2004 THROUGH MAY 31, 2004 AND
OCTOBER 1, 2003 THROUGH JUNE 30, 2004*

PROJECT #2005-HOM3

DATE ISSUED: OCTOBER 22, 2004

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
UNITED METHODIST METRO MINISTRY
DOCUMENTS #48255 and #47040
FISCAL MONITORING REVIEW
JANUARY 1, 2004 THROUGH MAY 31, 2004
OCTOBER 1, 2003 THROUGH JUNE 30, 2004

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**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
UNITED METHODIST METRO MINISTRY
DOCUMENTS #48255 and #47040
FISCAL MONITORING REVIEW
JANUARY 1, 2004 THROUGH MAY 31, 2004
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INTRODUCTION

Background

Contract Name: United Methodist Metro Ministry

Document Numbers: #48255 and #47040

Contract Periods: January 1, 2004 through December 31, 2004
October 1, 2003 through September 30, 2005

Contract Amounts: \$30,000 and \$466,724

These contracts provide funds from the Department of Housing and Urban Development (HUD), Federal Emergency Shelter Grant (FESG) and Supportive Housing Program (SHP) and to United Methodist Metro Ministry to provide transitional housing and nighttime or daytime shelter for those individuals that are homeless.

Purpose

The purpose of this fiscal monitoring review was to determine United Methodist Metro Ministry's (Documents #48255 and #47040) compliance with federal, state and local Department of Human Services (DHS) requirements for the period January 1, 2004 through May 31, 2004 and October 1, 2003 through June 30, 2004 respectively and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding United Methodist Metro Ministry's internal controls relating to the grant administered by the Department of Human Services (DHS), tested evidence supporting the reports the Agency submitted to DHS and performed other procedures considered necessary. Our fieldwork was substantially completed on August 18, 2004. Management's responses were received on October 21, 2004 and have been incorporated into this report.

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CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

United Methodist Metro Ministry did not fully comply with federal, state and local DHS requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report of the 2003 FESG program dated February 5, 2004 identified no observations.

A-133 Status

We obtained a letter from the Director of the Agency, dated January 14, 2004, stating an A-133 Audit was not required because the Agency did not expend \$300,000 or more in Federal funds for the year ended December 31, 2003.

Summary of Current Observations

We made recommendations for the following observations, which if implemented, could assist United Methodist Metro Ministry in fully complying with federal, state, and local DHS requirements.

1. The Agency did not require two signatures on checks under \$1000.00.
2. The Agency may not meet the matching requirement for the FESG program.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES**

1. The Agency did not Require Two(2) Signatures on Checks Under \$1,000.00

The Department of Human Services policy guidelines require the Agency to have two authorized personnel sign checks. The Agency does not require at least two authorized people to sign checks under \$1,000.00, but does for all checks over \$1,000.00. Internal controls over expenditures are reduced when only one individual signs disbursement checks.

Recommendation

We recommend the Agency comply with DHS policy guidelines and require two authorized signatures for all checks or request a waiver from DHS.

Management's Response

We have submitted another request to the current Director of Homeless Services asking for a waiver requiring two signatures on check under \$1,000.

Under past administration we were given a waiver for all checks under \$1,000. It was determined that we have the necessary internal controls in place to ensure proper checks and balances of cash disbursements.

2. The Agency May not Meet the Matching Requirement for the FESG Program

The Department of Human Services policy guidelines require the Agency to match all FESG funds for Supportive Services and Operations by 100%, and that this match is adequately documented on the monthly reimbursement reports. The Agency has not met the matching requirement for the FESG program as of the date of our review. The Agency expended a total of \$10,761.61 through May 31, 2004, but only matched the funds with \$5,279.36. However, the Agency has seven months left in the contract period to make up the matching requirement. Failure to meet the matching requirement for the FESG contract can result in the potential loss of federal funds and future reimbursements.

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DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES

2. Continued...

Recommendation

We recommend the Agency provide more funds to the FESG program so the matching requirement can be attained.

Management's Response

We will have the necessary match for the FESG [contract] before the end of the funding period.

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